



# Criminal Division

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**REMARKS\* TO THE**  
**OPERATION GLOBAL CON CONFERENCE**

**WASHINGTON, D.C.**  
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\*Mr. Richter frequently speaks from notes and may depart from the speech as prepared.

Good morning. It's a pleasure to speak to you today, at the start of this important conference. I understand that we have law enforcement representatives not only from the FBI, the Postal Inspection Service, and the Bureau of Immigration and Customs Enforcement, but also from Australia, Canada, Costa Rica, New Zealand, and the United Kingdom. It should go without saying that to successfully stop international fraud, we must work together across national boundaries. So I want especially to thank those of you who have left your homes and traveled far to be here with us this week.

Given the London bombings, I also particularly want to recognize our colleagues from the United Kingdom. As I was thinking about this last night, I came across a quote that I believe is as apt today as much as it was then. During the early dark days of World War II, Sir Winston Churchill, a great British figure (although I'd point out his mother was American) said:

“You ask, what is our aim? I can answer in one word: victory – victory at all costs, victory in spite of all terror, victory, however long and hard the road may be.” Churchill said: “I feel sure that our cause will not be suffered to fail among men. At this time I feel entitled to claim the aid of all, and I say ‘Come then, let us go forward together with our united strength.’”  
(13 May 1940 House of Commons, Blood Tears Toil and Sweat speech.)

On behalf of the Department of Justice, you have our deepest sympathy, and our full support and cooperation in this war on terror.

Let me turn now to the subject that brings us together – mass-marketing fraud. I believe that there are four trends we are seeing in major fraud schemes that make this conference timely.

First, fraud schemes are becoming more sophisticated in their use of digital and communications technology – for example, by using telemarketing, the Internet, and mass mailings to contact prospective victims and coordinate the schemes’ operations.

Second, we are seeing more schemes in which criminals are basing their operations in countries outside North America. In March 2005, for example, in *United States v. Waage*, a federal court in California sentenced the mastermind of an Internet fraud and Ponzi scheme to 10 years imprisonment. The scheme, which operated from Mexico and Costa Rica, defrauded approximately 15,000 investors in 60 countries out of nearly \$60 million. We also know that various boiler-room operations have infiltrated into European countries such as Spain and the Netherlands and are targeting consumers around the world.

Third, a growing number of mass-marketing fraud schemes are controlled and directed by criminal organizations. Last year, in the Eastern District of New York, a superseding federal indictment was unsealed in *United States v. LoCascio* that included charges against 10 individuals – including an alleged capo, a soldier and associates in the Gambino crime family – for their role in a telephone “cramming” and Internet fraud scheme that involved use of both the Internet and a telemarketing call center to defraud millions of consumers. Several of those defendants have already pleaded guilty to various charges stemming from this indictment.

Fourth, many of the mass-marketing fraud schemes that we have investigated are causing greater losses. In the *LoCascio* case that I just mentioned, the cramming and Internet fraud was estimated to have taken in more than \$700 million from victims.

One thing stands out about each of the four trends and the cases that I have mentioned – that is, the growing importance of international coordination and cooperation that is necessary to make these cases. I’ll cite a few more examples. Since 1998, U.S. and Canadian law enforcement authorities have been combating cross-border telemarketing fraud by working together in regional task forces based in Canada. These task forces, which you’ll hear about later today, have succeeded in bringing a number of significant cases.

In addition, our friends to the North, the Mounties, the Royal Canadian Mounted Police, have been key partners, most recently in “Operation Roaming Charge.” That operation – which also involved the Department of Justice, the FBI, the Postal Inspection Service, the Bureau of Immigration and Customs Enforcement – was the most extensive multinational enforcement operation ever directed at telemarketing fraud. It resulted in the arrest of more than 100 individuals in the United States, and an additional 35 arrests in other countries, as well as the execution of more than 190 U.S. and Canadian search warrants and the conviction of 70 individuals.

Our friends to the South, the Costa Ricans, also have been a major source of support for various U.S. fraud investigations and prosecutions. In the *Waage* case, Costa Rican authorities, in cooperation with the FBI and the U.S. Attorney’s Office in Sacramento, seized and froze significant assets connected to the fraudulent scheme, including millions of dollars held in Costa Rican banks, real property, cash, jewelry, a yacht, helicopter, and cars. In the *United States v. Johnson*, a case out of Los Angeles,

Costa Rican Judicial Police, working with Interpol, the Internal Revenue Service, and the Department of State, arrested three individuals who are now being sought for extradition to the United States. These three defendants, together with others, are charged with operating a fraudulent offshore fund that claimed to invest money in highly profitable foreign currency trading but instead defrauded victims out of more than \$80M.

Operation Roaming Charge, Canadian task forces, and our recent great work with the Costa Ricans are but a few examples of how our working together succeeds in this arena. We must continue to expand our joint successes. Together, we must identify major international mass-marketing fraud schemes. Together, we must dismantle the organizations behind them. Together, we must recover the proceeds of their crimes for the victims.

Global Con represents a significant opportunity for us to forge a truly multinational enforcement program against mass-marketing fraud.

I hope that you will find this conference useful as a forum for sharing current information about international fraud schemes and for developing closer working relationships with your counterparts. We can accomplish a lot during our brief time here. And together we can lay the foundation to accomplish even more thereafter.

Thank you.